



OXFORD ANALYTICA

SOUTH KOREA

MONETARY TRANSPARENCY

Country Report 2005

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SOUTH KOREA



COMPLIANCE RATINGS

<i>Monetary transparency</i>	2005	2004	2003	2002
Clarity of roles	••••	••••	--	••••
Open decision process	•••••	•••••	--	••••
Availability of information	•••••	•••••	--	•••••
Central bank accountability	••••	••••	--	••••
Score	4.50	4.50	--	4.25

OUTLOOK & COMMENTARY

In order to pursue its primary target of keeping inflation at low levels, the Bank of Korea (BoK) has tightened its policy stance by increasing interest rates this year. This move is of particular importance because it has strengthened the central bank's assertion of independence from the government, as it increased rates despite opposition from several ministers.

The BoK is maintaining steady progress towards meeting the international standards for monetary transparency, and has continued to implement the amendments to the BoK Act. Nevertheless, internal and external audit procedures remain areas that require further work in the near term.

EXECUTIVE SUMMARY

4.50 Compliance in progress

Following amendments to the Bank of Korea Act that came into force last year, the Bank of Korea (BoK) was able to strengthen its independence and the efficiency of monetary and credit policy. This was demonstrated when the BoK decided to reverse a cycle of low interest rates initiated in 2002 in order to increase consumption. In October 2005, despite criticism from government ministers, the BoK raised its interest rates from 3.25% to 3.50%. Worried about containing inflation at a time of high oil prices and a growing gap with US interest rates, the BoK tightened its monetary policy, and in practice asserted its independence.

The Bank of Korea (BoK) maintains its observance of the IMF Special Data Dissemination Standard (SDDS) requirements. These data, in addition to statistical series covering national accounts and fiscal operations, are available on the BoK's high-quality website, with most publications available both in English and Korean.

Formal public disclosure of standards of conduct for BoK officials is still not available. However, a recent press release by the BoK outlined key elements of a revised code of conduct to which its officials should adhere. As the government would like to make it mandatory for the BoK to publish an official code of conduct, the BoK may be required to do so in the near future.

South Korea's overall score is unchanged from last year.

1. CLARITY OF ROLES, RESPONSIBILITIES, AND OBJECTIVES OF CENTRAL BANKS

●●●● Compliance in progress

The objectives and institutional framework of monetary policy

The Bank of Korea Act (as amended in August 2003) and the Enforcement Decree of the Bank of Korea Act (as amended in December 2003) form the basis for monetary policy-making in Korea. The main elements and implications of the current revision of the central bank act are that the independence and efficiency of monetary and credit policy are strengthened; the Bank of Korea (BoK) is given heightened responsibility for the operation of payment and settlement systems; and that the linkages between policy formulation and implementation are tightened.¹

Central bank objectives and responsibilities

The purpose of the central bank, as established in the BoK Act, is to contribute to the sound development of the national economy by pursuing price stability through the formulation and implementation of efficient monetary and credit policies.² As part of its responsibilities, the monetary and credit policies of the BoK are to be carried out in harmony with the economic policy of the government insofar as this does not impede price stabilisation.³

The revision to Article 81 of the BoK Act has also established that the central bank has overall responsibility and oversight regarding the country's payment and settlement systems, in order to secure their safety and efficient operation. The BoK is thus explicitly given the legal basis to establish regulations relating to the payment and settlement systems (known as BOK-Wire).⁴

Operational autonomy

The BoK's operational autonomy, as stipulated in Article 3 of the Act, provides for the monetary and credit policies of the central bank to be formulated neutrally and implemented autonomously, and the statutory independence of the BoK must be respected. In addition, the revisions to the BoK Act in year 2003 allow the central bank to have a stronger degree of financial independence. Previously, the BoK was required to obtain the consent of the Ministry of Finance and Economy (MoFE) for its operating budget. In practice, this framework had raised criticism about the actual neutrality of monetary policy, since the central bank remained dependent on the adequate provision of resources to carry out its activities. The revised legislation has given the BoK greater autonomy concerning its budget; only some items of the managerial expenses budget -- such as some wages -- remain subject to approval from the minister of finance and economy. This reflects the government's opinion concerning the need to control, to some extent, part of the central bank's budget for accountability purposes.⁵

The BoK Act enshrines the right of the vice-minister of finance and economy to participate in the meetings of the BoK's Monetary Policy Committee (MPC). The minister of finance and economy is also empowered to ask the MPC to reconsider any decision that is perceived to conflict with government policy, while the president of the Republic of Korea takes the final decision in the event of the MPC adopting the same decision as its previous one on a matter requested for reconsideration.⁶ However, there has never been such a presidential intervention.⁷ In this context, the legal framework of the BoK explicitly allows the government formal influence over any contentious policy decisions.

Commentators had suggested that while the government formally appoints two members (out of the seven MPC members), it could exert considerable influence over the appointment of two other members -- giving the MoFE considerable sway within the committee's deliberations.⁸ However, the amendments to the BoK Act were targeted to allay these concerns. The Korean Association of Securities Dealers has lost its right of recommending a member of the MPC; instead, the deputy governor of the BoK (appointed by the president upon recommendation of the BoK's governor) serves as an ex officio member. This change has significantly strengthened the MPC's statutory autonomy and revamped the relationship between policy decision-making and actual implementation.

In certain circumstances, there is still some scope for frictions between the statutory independence granted to the central bank and the requirement for government involvement in monetary policy-making. For example, there have been sporadic exhortations by the MoFE for the central bank to lower interest rates (sometimes immediately prior a MPC meeting). However, BoK officials have stated that while the government can sometimes suggest desirable changes in the level of the interest rate, the MPC decides monetary policy autonomously. Indeed, BoK Governor Seung Park has sought to demonstrate his independence from the government on several instances.⁹ When, in October 2005, the BoK raised its interest rate from 3.25% to 3.50% despite the objections of various government ministers, the move indicated confidence in its autonomy.¹⁰

Institutional relationship between monetary and fiscal operations

The BoK's institutional relationship with the government is outlined in the BoK Act (Section 5, Articles 71-78). The interaction between the central bank and the government with regard to overall economic policy is described in the BoK's *Annual Report*, while regular updates are posted on its website.¹¹

Lending to government

Article 75 of the BoK Act provides for the central bank to render credit to the government on overdrafts or in other forms (with interest rates and other terms of the credit being determined by the Monetary Policy Committee), and may directly subscribe to government bond issues. The aggregate of all loans and direct subscriptions to government bonds should not exceed the amount of the indebtedness that, together with any borrowing by the government from other banking institutions and the public, has been authorised by the National Assembly.

The BoK can also grant loans to government agencies that carry out public sector projects/functions and perform business related to the issue, sale, or redemption of securities representing an obligation of the government. Article 78 of the BoK Act incorporates a statutory restriction on providing credit to government agencies, by establishing that in periods of monetary expansion the BoK should endeavour to restrict its credit to government agencies and to reduce the outstanding volume of such credit.

The BoK's annual balance sheet includes outstanding loans to the government -- this information is publicly available in the *Annual Report*.

Central bank involvement in the rest of the economy

The BoK's Act prohibits concurrent holding of office (and engagement in business for profit) by BoK employees, and the engagement of employees in any other position without the consent of those authorised to appoint them.¹² Article 103 establishes that the central bank may not participate, directly or indirectly, in profit-making activities, or the ownership or management of any profit-making enterprise, and may not purchase or permanently own property unless it is necessary for the conduct of its business.

The BoK can only engage in commercial banking activities with the government, government agencies and banking institutions.¹³ However, it may accept deposits from others -- in such manner as determined by the MPC -- where this is deemed necessary for the performance of its business. In addition, Article 80 establishes that in periods of severe monetary and credit contraction when banking institutions are calling in outstanding loans and refraining from making new ones, the central bank may (with at least four MPC members concurring) render credit to any for-profit enterprise, such as those engaged in financing business other than banking institutions.

Central bank profit allocation

Articles 99-100 establish the procedures that the central bank must follow to distribute/recover annual profits or losses. The BoK allocates to its reserves 10% of any annual net profit after allowance for asset depreciation and, with the approval of the government, may establish reserve funds for specific purposes when profits are available after compliance with the initial 10% provision. The central bank then pays the remaining net profit into the General Revenue Account of the government. On the other hand, any loss incurred by the BoK during any fiscal year must be offset from its reserves and, should these be insufficient, the government -- in accordance with the Budget and Accounts Act -- should cover the deficiency.

The BoK's profit allocation and capital maintenance are publicly disclosed. Monthly updates on the central bank's main accounts, published within the first twenty days of each month as outlined in Article 101 of the BoK Act, are available through the Economics Statistics System (ECOS) gateway.¹⁴

Agency roles performed by the central bank on behalf of the government

Several regulations, including the BoK Act, set out the central bank's role as fiscal agent for the government. It is allowed to process the receipt of national revenues and the disbursement of national expenditures. The government maintains a checking account with the BoK to which taxes and all other government revenues are concentrated and upon which Treasury cheques are drawn. The BoK is also responsible for the issuance, sale or redemption of government securities, and for accepting custody of securities belonging to the government. The central bank's website and the *Annual Report* disclose these agency functions.¹⁵

2. OPEN PROCESS FOR FORMULATING AND REPORTING MONETARY POLICY DECISIONS

●●●●● Full compliance

The framework, instruments, and targets of monetary policy

Framework and monetary targets

The BoK operates under an inflation targeting framework, and publishes the intermediate target on its website. BoK officials had previously indicated that despite the relative effectiveness of the short-term inflation target to stabilise the Korean economy in the aftermath of the 1997 financial crisis, they would rather have a medium-term framework (perhaps of two to three years) because of the lagged effects of monetary policy measures.¹⁶ Amendments to the BoK Act have allowed the shift to, and implementation of, an intermediate inflation target.¹⁷ Commentators mentioned that the inflation-targeting regime has been very successful and gained a high level of credibility with economic agents.¹⁸ The new framework is expected to lessen the volatility in the financial markets and economic cycles by allowing the BoK to implement a less aggressive monetary policy (given the time lag in the transmission effects) when facing external shocks that would cause important deviations from a punctual inflation target. The intermediate inflation target is thus expected to strengthen public confidence in the central bank's monetary policy decisions.¹⁹

A number of commentators had expressed their concern over the definition of core inflation. The BoK defines core prices as the consumer price index minus certain non-grain agricultural prices, and the prices of petroleum and oil products. The BoK has made significant efforts to explain the rationale for selecting this definition of core inflation, but the fact that regulated prices are included remains a contentious issue. Commentators have argued that although the government has made efforts to bring regulated prices closer to their underlying market price, in practice the inflation target would remain partially under government control. In addition, regulated prices could have an impact on the price of other goods when the former are used to engage in quasi-fiscal activities. However, BoK officials have stated that services allegedly subject to administered prices are mostly market-determined, and it is thus legitimate to include these within the definition of core inflation. In addition, to allay these concerns the BoK has published a detailed document that explains the monetary policy framework and how this works in practice.²⁰

Monetary instruments

Article 29 of the BoK Act entitles the central bank to use several monetary instruments to meet its objectives, with the additional provision in Article 4 that encourages the BoK to consider and implement monetary policy in a market-friendly manner. At present the central bank is inclined to only use indirect adjustment instruments to implement monetary policy, while announcing a monthly target for the overnight call rate to disclose its policy stance. This framework is implemented to steer core inflation within the intermediate inflation target. The BoK thus uses open market operations as its main policy instrument, but can also rely on modifying reserve requirement ratios and carry out lending operations, including short-term liquidity adjustment loans.²¹

In the past, some commentators complained about the partial lack of alignment between what the BoK implied might be the direction of future changes in interest rates and what actually happened.²² This problem thus revealed a weakness or communication flux between the central bank and the financial institutions, which is necessary to guide inflation expectations. In order to remedy this shortcoming, the BoK has published on its website the minutes of each month's monetary policy decision, which include a page of comments on the assumptions and factors leading to

the decision made.²³ In addition, the annual *Monetary Policy Report*, published in March of each year, provides an outlook for the current fiscal year and describes how the expected evolution of domestic and external factors might influence monetary policy.²⁴

The monetary policy-making body

Monetary board

The Monetary Policy Committee (MPC) is responsible for monetary policy formulation, execution, and all other operations of the central bank. Chapter 2 of the BoK Act clearly defines the criteria for appointment and terms of office and removal of MPC members. The president appoints the deputy governor for a three-year term and the other members of the MPC for a four-year term; each can be reappointed for consecutive terms. An amendment has been proposed in the National Assembly that would give all MPC members five-year terms, but given the extensive delays in debating and voting law proposals, any action is unlikely for some time.²⁵ The governor of the BoK is the chairman of the seven-member MPC, which also includes the deputy governor of the BoK and three members appointed on recommendation of the BoK, the MoFE and the Financial Supervisory Commission, respectively. The Korea Chamber of Commerce and Industry, and the Korea Federation of Incorporated Banks recommend the remaining two members, who are generally chosen from an academic and/or business background. All MPC members are employed on a full-time basis.

The amendments to the BoK Act were partly an attempt to correct the perceived weaknesses in the formal structure of monetary policy decision-making. Previously, several commentators had stated that the MPC was unrepresentative of the realities of monetary policy decision-making -- where the government was deemed to play a decisive role since some committee members were perceived as being too closely linked to the MoFE.²⁶

Advance meeting schedule

The MPC holds regular meetings on the second and fourth Thursday of each month, with additional meetings as needed, in agreement with the schedule of the MPC's policy-setting meetings published on its website.²⁷ Monetary policy decisions are announced usually on the second Thursday of each month. A summary of the findings of the MPC policy decision is then posted on the website and also compiled in the *Monthly Bulletin*.

Public statements on monetary policy

Periodic publications

The BoK releases monthly statements reviewing the progress in attaining the inflation target and underlying policy decisions. It also sends a biannual *Monetary Policy Report* to the National Assembly. These statements are publicly available on the website and, along with the *Annual Report*, the *Quarterly Bulletin*, and the *Monthly Bulletin*, give a comprehensive picture of the rationale, targets and instruments of Korean monetary policy.²⁸

Although a presumption in favour of public consultations for major changes in policy framework is not a legal obligation, it is a well-established practice. For example, when the list of primary dealers is revised annually or when changes in the conditions to access the discount window are planned, the BoK engages in consultations with representatives from the commercial banking sector.²⁹

Public hearings

The governor of the BoK holds a press conference after every monthly monetary policy decision-making meeting. At the press conference, he explains the main considerations underlying the BoK's monetary policy decisions, which are subsequently published as the *Monetary Policy Decision* report. The governor also appears before the National Assembly three or four times per year and to present the *Monetary Policy Report*.

Regulations on data reporting by financial institutions to the central bank

The Financial Supervisory Committee (FSC) -- and its executive arm the Financial Supervisory Service (FSS) -- took over the BoK's responsibility of banking supervision following the 1997 financial crisis. The creation of the FSC as an independent and integrated financial supervisor was intended to increase accountability, transparency and harmonisation with international standards. However, the transfer of supervision functions reduced the BoK's role in relation to financial stability, and "problems were experienced in its acquisition of the information and materials necessary for the efficient conduct of monetary and credit policy."³⁰

The revised BoK Act, as established in Chapter V (Articles 87-89), is intended to produce a more practical and efficient operation of the banking supervision framework -- whereby the central bank can request the FSS to conduct joint examinations of banking institutions with BoK officials. In such cases, the FSS should comply without delay. The central bank is also entitled to request banking institutions (including those engaged in lending business, other than banking institutions, which enter into agreements on current deposit accounts with the BoK) to provide any materials when deemed necessary to implement monetary policy.³¹ The BoK may hold other supervisory functions, such as altering the banks' minimum reserves-to-deposits ratio, in agreement with the provisions established in Articles 54-63 of the BoK Act.

3. PUBLIC AVAILABILITY OF INFORMATION ON MONETARY POLICY

●●●●● Full compliance

Release of central bank data

Korea is a subscriber to the IMF's Special Data Dissemination Standard (SDDS) and meets the standard for coverage, periodicity, and timeliness of monetary data.³² BoK data are disseminated on a monthly basis, and data release schedules differ depending upon individual statistics. The BoK posts advance release calendars, a statistics database and principal economic indicators on its website.

The central bank balance sheet

The central bank is legally obliged to publish monthly balance sheets and its *Annual Report*.³³ A detailed balance statement is published as part of the national accounts, and a broken down balance statement is available on the website. The BoK must publish its monthly balance sheet within twenty days. Balance sheets that cover the last working day of the fiscal year must be published within two months. Accounting principles used in preparation of the balance sheet largely follow international standards and are in line with the rules for National Budget Accounting. The IMF had previously recommended the BoK to publish its financial and income statements in greater detail. In this context, the *Annual Report* since 2003 has contained surpluses/deficits and notes with an accounting ruler.³⁴

The BoK website posts market transaction information after the end of the reference month. The monthly publication on money and banking statistics includes information on central bank transactions and is also published after the end of the reference month. Data on gross foreign exchange reserves are available on the website, which also discloses total external assets and liabilities, foreign trade and foreign exchange, as well as the foreign exchange holding position. Data on the usable reserves of the BoK are published twice monthly, within five business days, while information on the net forward position is published monthly.

Lender of last resort

Articles 65-67 of the BoK Act clearly specify when the central bank can act as lender of last resort through the provision of temporary emergency loans against the collateral of any assets which are defined temporarily as acceptable security. At least four MPC members need to reach agreement for granting a loan during either a grave emergency that directly threatens monetary and banking stability, or when banking institutions might experience pronounced difficulty in carrying out their operations owing to temporary shortages of funds caused by a clearing system's breakdown or other unexpected events.

Ex post publication of loan conditions is normally made in such cases and these transactions are described in the *Monetary Policy Report*, which the BoK is required by law to submit to the legislature. Loans are also disclosed in a press conference immediately after the MPC has made a decision.³⁵

Public information services

Public information services remain comprehensive and include such publications as the BoK's *Annual Report*, *Quarterly Bulletin*, *Monthly Bulletin* and press releases. These publications are all available on the BoK's website. Legislation is available in both English and Korean, and the central bank's research department can readily provide additional material upon request.

The BoK has made available on its website several documents explaining in detail the changes from and intended effects of the revisions to the central bank act. In addition, there are frequent publications and research papers (included in the *Economic Papers* and the *Monthly Bulletin*) that detail and analyse relevant financial and economic affairs that might impinge on monetary policy implementation, the soundness of the financial sector, and the overall situation of the Korean economy.

4. ACCOUNTABILITY AND ASSURANCES OF INTEGRITY BY THE CENTRAL BANK



Compliance in progress

Accountability before a designated public authority

Since the amendments to the BoK Act have strengthened the statutory independence and efficiency of monetary policy implementation, including its direct responsibility for the adequate operation of payment and settlement systems, the BoK needed to be subject to stricter accountability. In order to meet this end, Article 96 of the revised BoK Act establishes that the central bank has to prepare a report at least twice a year on the implementation of its policies, and submit it to the National Assembly.³⁶ In addition, the BoK governor should attend and answer the questions of the National Assembly (or any of its committees) at their request in relation to the reports provided.

Financial statement

Chapter VII of the BoK Act established the accounting guidelines and disclosure procedures for the central bank's balance sheet. The BoK must publish within the first twenty days of each month a general balance sheet, showing in appropriate detail its assets and liabilities as of the last working day of the preceding month. In addition, the *Annual Report* discloses information on the BoK's assets, liabilities, capital, and revenue and expenses under the chapter entitled 'Financial Status'. This information includes several comparative tables for the last two fiscal years.³⁷

Audited financial statement

Article 45 of the BoK Act establishes that there should be one auditor responsible for constantly auditing the operations of the central bank, and from time to time report the results of the audit to the MPC. The auditor should also prepare a comprehensive audit report and submit it to the government and the MPC each year. However, this report is not readily available on the central bank's website -- only a summary of the main findings and data on the basic elements of the BoK balance sheet are incorporated into the *Annual Report*.

External and internal audit

The president appoints the internal auditor for a three-year term (they may be reappointed only once) on recommendation of the minister of finance and economy. The auditor is responsible for preparing the audit report and submits it to the government and the MPC each year.

The National Board of Audit and Inspection (NBAI) conducts audits. The latest audit was conducted in October 2005. The NBAI decides every year whether or not it undertakes an audit, and if it should be made publicly available. Auditing is viewed as a mechanism to monitor the regulatory regime rather than as an assessment of the central bank's books. The NBAI examines governance procedures through these regulations, as established by the MPC and the governor. BoK officials have stated that since the central bank reports to the National Assembly, the latter would represent the BoK's de facto external auditor of sorts.³⁸

Conduct of officials

Under the BoK Act, only senior central bank employees (governors, deputy governors, MPC members and director generals) are considered public officials, and they must also exercise their duties with probity and confidentiality as established in Article 42 of the BoK Act.³⁹ The BoK provides legal protection only to members of the MPC. The BoK Act's regulation on staff management specifies procedures on the appointment and dismissal of personnel; the BoK governor holds the ultimate responsibility for appointment and discharge of central bank employees.⁴⁰

INTERVIEWS

Representatives of *Oxford Analytica* interviewed the following individuals during a visit to South Korea between 14 and 18 November 2005.

Bank of Korea

15 November 2005

Jin-Su Park	Senior Economist	Research Department, Financial Industry
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Ministry of Planning and Budget

16 November 2005

Sokjin Chang	Senior Assistant Director	Fiscal Strategy Office, Fiscal Cooperation Team
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Ministry of Government Administration and Home Affairs

17 November 2005

Chun, Ji-Yoon	Deputy Director	MOGAHA
Jung, Tae Up	Deputy Director	Pension Welfare Team
Yoo, Chung-sun	Team Manager	Pension Welfare Team

ADDITIONAL INTERVIEWS

17 November 2005

Kang, Sung-Goo	Secretary General	Transparency International
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18 November 2005

Kenneth H. Kang	Resident Representative	International Monetary Fund
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NOTES

¹ See 'Details of the Revision of the Bank of Korea Act and its Significance', Bank of Korea, September 16, 2003, at: www.bok.or.kr/template/eng/default/aboutbok/index.jsp?tbl=tbl_FM0000000066_CA0000001037

² BoK Act, Article 1 at:

www.bok.or.kr/template/eng/default/aboutbok/index.jsp?tbl=tbl_FM0000000066_CA0000001035

³ BoK Act, Article 4.

⁴ See 'Changes of the Bank's role in the Payments Systems' at:

www.bok.or.kr/template/eng/html/index.jsp?tbl=tbl_FM0000000066_CA0000001044

⁵ Interviews in South Korea, 20-22 October 2004. See 'Details of the Revision of the Bank of Korea Act and its Significance', Bank of Korea, September 16, 2003.

⁶ BoK Act, Articles 90-93.

⁷ Interviews in South Korea, 14-18 November 2005.

⁸ Interviews in South Korea, 28-30 October 2002.

⁹ Interviews in South Korea, 20-22 October 2004. For example, the MPC has raised interest rates despite the MoFE's objections. In addition, the BoK governor ceased attending economy cabinet meetings to avoid giving the impression that cabinet decisions were influencing the formulation of monetary policy.

¹⁰ Interviews in South Korea, 14-18 November 2005.

¹¹ Each year's Annual Report is available at:

www.bok.or.kr/template/eng/default/public/index.jsp?tbl=tbl_FM0000000066_CA0000001009

¹² BoK Act, Article 41.

¹³ BoK Act, Article 79.

¹⁴ See Economics Statistics System (ECOS) at: http://ecos.bok.or.kr/EIndex_en.html

¹⁵ See, for example, "Treasury Service" at:

www.bok.or.kr/template/eng/html/index.jsp?tbl=tbl_FM0000000066_CA0000001054

¹⁶ Interviews in South Korea, 28-30 October 2002.

¹⁷ In consultation with the government, the MPC of the BoK set a target range of 2.5-3.5% for the average rate of increase in core inflation for the three-year period 2004-06.

¹⁸ Interviews in South Korea, 14-18 November 2005.

¹⁹ Interviews in South Korea, 20-22 October 2004.

²⁰ See in particular, *Monetary Policy Framework*, January 16, 2003 at:

www.bok.or.kr/template/eng/default/mpolicy/view.jsp?id=IN0000027852&tbl=tbl_FM0000000066_CA0000000963&SearchKeyword=&page=1

²¹ For a comprehensive description of monetary policy implementation (which still has to be updated to incorporate the latest amendments to the BoK Act) see *Monetary Policy in Korea*, January 16, 2003 at:

www.bok.or.kr/template/eng/default/mpolicy/index.jsp?tbl=tbl_FM0000000066_CA0000000963

²² Interviews in South Korea, 28-30 October 2002.

²³ Interviews in South Korea, 20-22 October 2004. The press releases for each month's policy decision are at:

www.bok.or.kr/template/eng/default/mpolicy/index.jsp?tbl=tbl_FM0000000066_CA0000000960

²⁴ See *Monetary Policy Report*, Section IV 'Monetary Policy for 2004', June 16, 2004 at:

www.bok.or.kr/template/eng/default/mpolicy/view.jsp?id=IN0000033196&tbl=tbl_FM0000000066_CA0000000960&SearchKeyword=&page=1

²⁵ Interviews in South Korea, 14-18 November 2005.

²⁶ Interviews in South Korea, 20-22 October 2004.

²⁷ *Schedule of MPC Meetings* at:

www.bok.or.kr/template/eng/html/index.jsp?tbl=tbl_FM0000000066_CA0000000961

²⁸ See *Publications* at:

www.bok.or.kr/template/eng/default/public/index.jsp?tbl=tbl_FM0000000066_CA0000001006

²⁹ Interviews in South Korea, 16-17 October 2001.

³⁰ 'Details of the Revision of the Bank of Korea Act and its Significance', Bank of Korea, September 16, 2003.

³¹ Interviews in South Korea, 20-22 October 2004.

³² The IMF SDDS website at: <http://dsbb.imf.org/>

A flexibility option is being taken for the timeliness of the analytical accounts of the banking sector. Final data are disseminated no later than one month and 14 days after the end of the reference month. The BoK has compiled

revised monetary aggregates since the beginning of 2002, almost fully complying with the Monetary and Financial Statistics Manual (MFSM 2000) of the IMF.

³³ BoK Act, Articles 101-102.

³⁴ Interviews in South Korea, 20-22 October 2004.

³⁵ Interviews with BoK officials, South Korea, 16 October 2001.

³⁶ Interviews in South Korea, 20-22 October 2004. The reports are available on the BoK website (in Korean). Hard copies are also available upon request.

³⁷ See BoK *Annual Report* at:

www.bok.or.kr/template/eng/default/public/index.jsp?tbl=tbl_FM0000000066_CA0000001009

³⁸ Interviews in South Korea, 20-22 October 2004.

³⁹ Interviews in South Korea, 14-18 November 2005.

⁴⁰ BoK Act, Article 39.